2003 Annual Report
Nova Scotia Real Estate Commission

Annual Meeting Notice

Friday
March 19, 2004
1:00 - 2:30 PM
Auditorium, 7 Scarfe Court
Burnside, NS

This newsletter is an abreviated annual report that touches on some of the highlights of the annual report. The full version of the annual report is available for viewing or downloading, on the Commission's website www.nsrec.ns.ca, under Publications, or it can be requested by calling the Commission office. A copy or copies of the full version have also been distributed to all brokerage offices.

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Chairman's Comments

Paul Doucet

This past year marks the seventh year of the Commission's operation. As has been the case in the previous years, many new challenges have been dealt with and I believe the industry has continued to evolve in a positive direction.

The most significant change that took place in 2003 was the implementation of the new Sales-person Licensing Course. This has been a several year project by the Association with input and funding from the Commission. In addition to the new course, it has meant the Commission has had to develop a new series of exams. The new three-week program allows instructors to spend much more time on important subjects. In addition, the materials and course handbook for the course are the most current in Canada. As a result of the changes, the Commission has received very good feedback that new licensees are much better prepared when starting out in their new career.

Another project the Commission is involved with is the national Agency Task Force (ATF) being carried out by the Canadian Regulators Work Group (CRG). This organization consists of senior regulatory staff across the country for the real estate industry, such as our Registrar and Compliance Officer. Our Registrar represents Nova Scotia as one of the six jurisdictions directly participating in the ATF. Nova Scotia has also provided $11,000 in funding towards this project. The Agency Task Force has been given a significant undertaking to do a total review of the agency situation in the real estate industry across Canada and to make recommendations back to real estate jurisdictions through the CRG. This is a very extensive project and one that could have significant effects on how licensees interact with customers and clients.

One of the major tasks of the Commissioners is to oversee the finances of the Commission. As a result of low interest rates and a poor investment climate over the last several years, the Commission found it necessary to increase licence fees in 2004. The Commissioners do not take raising fees lightly. As the operations of the Commission are carried out on a very lean budget, there were no areas to realistically cut expenses. In the end, a fee increase was necessary, but I can report that even with this fee increase Nova Scotia still has some of the lowest licence fees in the real estate industry in Canada. I believe that both the public and industry members get good value for the money spent.

The last major decision by the Commission in 2003 was to do a complete overhaul of the trust account and brokerage audit system. The Commission reviewed the current procedures, gathered information

...continued on page 2

Meet the Commission

The work of the Commission is carried out through several committees and by both volunteers and staff. Shown below are the people who have carried out this work during 2003.

Commissioners

Paul Doucet	*Chair*
Charles Lorway	*Vice Chair*
Neil Black	
Roger Burns	Howard Oakey
Eldon Chaisson	Kent Noseworthy
Valerie Folk	Robert Wambolt
Doug Dixon	*Registrar*

Licensing Committee

Valerie Folk	*Chair*
Roger Burns	Paula Pulling
Ruth Harding	John Walker
Corrine Hyson	Robert Wambolt

Complaint Review Committee

Kent Noseworthy	*Chair*
Marg Bowlen	
Eldon Chaisson	Howard Oakey
Cathy Covey	Tony Walters
Lynn Hoffmann	Jim Woods

Discipline Committee

Charles Lorway	*Chair*
Don Clark	
Brian Hirtle	Mark Stein
Charles Pace	Clark Woods

Hearing Panel Pool

Wayne Sanford	Sybil Brown
Allan Hennigar	Sandra Richards
Carol Alexander	

Finance Committee

Charles Lorway	*Chair*
Paul Doucet	Neil Black

Commission Staff

Registrar	Doug Dixon
Compliance Officer	Brad Chisholm
Licensing Officer	Pamela Crane
Administrator	Elaine Moulton
Bookkeeper	Cathy Campbell

Chairman's Comments Continued

... from brokerages, other real estate jurisdictions and other professions, and then put forward several options to brokers in order to receive feedback. The decision was to do away with the requirement by brokerages to submit annual trust account audits and replace that with a new process. The Commission staff, beginning in 2004, will carry out a trust account audit of all brokerages every year. Audits for the calendar year 2003 will still have to be submitted byt the brokerages. The staff will also carry out a brokerage review of record keeping and business practices on a three-year cycle with one third of brokerages being reviewed each year. In addition, staff will do more frequent audits of some brokerages on a risk assessment basis which looks at the number of complaints and other issues that arise from a particular brokerage. To carryout this work, the Commission will be hiring an additional staff person. This position will be funded from a new brokerage fee, that for most brokerages will be a reduction in costs as compared to the cost of having accountant's reports done.

The liaison committee meetings between the Commission and the Association continues to serve as a very positive venue for better communications for both organizations. Our participation at the NSAR regional meetings last fall seemed to be well received by all licensees/ members and the feedback we received from those in attendance was positive. We are looking forward to having similar opportunities in the fall of 2004.

One of the mandates of the Commission is the standardization of industry forms which has been and will continue to be administered by NSAR. Both organizations felt it would be beneficial to have one of the Commissioners participate on the Standard Forms Committee. It was decided I would be the chosen one to serve on this Committee. The process is very arduous to say the least, as this is probably the most thorough review of all forms our industry has seen in many years. The Committee consists of a good cross section of the real estate industry offering lots of experience for making necessary changes. At the present time, the process continues with hope of completing the review by late spring or early summer of 2004.

I want to thank the current Commissioners and committee members for their efforts throughout the year. We are fortunate in Nova Scotia to have so many willing volunteers that bring a wealth of experience and insight to the table on the many issues that get discussed. The time spent by both the Commissioners and committee members amounts to many hundreds of volunteered hours and benefits all 1,400 licensees in the province. I also want to give a big thank you to the staff. The Commission's operations always run smoothly and professionally providing information and service to both the public and licensees, as well as supporting the work of the Commissioners and committees. As a result of the efforts of volunteers and staff, Nova Scotia is able to remain at the forefront of regulation of the real estate industry, staying current with the issues and being very proactive.

This year the Commission's Annual General Meeting will be held March 19th in the auditorium at 7 Scarfe Court. I strongly encourage you to attend. This is your opportunity to get an update on the Commission's work, to elect a licensee to the Commission and to provide feedback to the Commissioners. I look forward to seeing you there.

Paul J. Doucet - Chairman

Notice of Annual General Meeting

for the

Nova Scotia Real Estate Commission

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AGENDA

Chairman - Paul Doucet

1. Call to Order
2. Introduction of Head Table - Paul Doucet
3. Commission Chairman's Report - Paul Doucet
4. Finance & Recovery Fund - Charles Lorway
5. Licensing Committee - Valerie Folk
6. Complaint Review Committee - Kent Noseworthy
7. Discipline Committee - Charles Lorway
8. Review of the election procedures by the Registrar
9. Address by Nominees (*each will be allowed 2 minutes to speak*)
10. Election - first ballot
11. Open Forum - This will be an opportunity for licensees to ask questions for the Commission's comments or to bring forward items for the Commission to consider in their upcoming discussions.
12. Results of first ballot and start of second ballot if necessary
13. Further ballots if required
14. Adjournment

Finance Summary

2003 Actuals & 2004 Budget - NSREC

REVENUES					EXPENDITURES				
Budget Item	Notes*	2003 Budget	2003 Actuals	2004 Budget	Item	Notes*	2003 Budget	2003 Actuals	2004 Budget
Administration Fees		4,000	4,690	5,000	Accounting		6,000	8,468	6000
Assessment-Recov Fund		68,000	65,755	62,000	Advertising		500	323	500
Backgound Check Fees		3,000	2,910	3,000	AGM & Conference		2,500	2,609	2,500
Branch Office Fees	1	2,450	2,930	3,668	Automobile-Lease/Insurance/(	10			6,200
Broker Fees-New	1	2,300	1,840	1,560	Background Checks		3,500	3,172	3,000
Broker Fees-Renewal	1	18,595	18,540	22,270	Bank Charges		1,800	1,985	2,600
Brokerage Audit Fees	2			47,000	Benefits - Government	11	16,500	14,731	19,000
Brokerage Fees-New	1	2,300	2,850	2,600	Benefits - Health	11	5,500	4,995	6,200
Brokerage Fees-Renewal	1	13,000	12,935	19,410	Benefits - RRSP Contribution	11	4,102	2,956	8,700
Brokerage Manuals		1,250	1,050	800	Car Allowance		1,500	1,500	1,620
Buyer-Seller Booklets		1,600	1,067	1,000	Computer - Hardware/Software		7,000	5,325	6,000
Exam Fees		24,750	24,885	24,750	Computer - Technical Support		1,200	961	800
Exam Review Fees		480	950	720	Conferences (Out of Prov)	12	12,000	12,403	9,700
Fines/Penalties		10,000	5,200	8,000	Cost of Brokerage Man Sold		400	348	300
Hearing Cost Recovery		2,000	2,000	2,000	Cost of Buyer-Seller Booklets		4,000	2,114	3,000
Interest-IBTA	3	35,000	58,564	55,000	Dues, Subscript. & Publications		2,200	3,629	2,600
Interest Income-General		100	426	0	Facility Rental		600	0	0
Interest-Recovery Fund	4	35,000	-2,655	30,000	Furniture & Equipment		500	919	400
Managing AB Fees-New	1	380	0	230	Hearing Costs		3,000	2,647	2,000
Managing AB Fees-Renewal	1	2,910	2,745	3,010	Insurance/Directors Liability		1,000	872	1,300
Real Estate Encyclopedias - Sales		7,695	7,695		Insurance/Property		1,000	1,346	1,450
Reinstatement of License		6,000	8,340	6,960	Legal		10,000	4,694	8,000
Salesperson/AB Fees-New	1	27,000	29,160	34,200	Maintenance		200	0	100
Salesperson/AB Fees-Renewal	1	87,265	92,465	109,953	Miscellaneous		2,000	2,364	2,000
Deferred Capitol Grant					Office		3,500	1,014	2,000
Recovery Fund	5	40,000	40,000	10,000	Per Diem	13	5,500	5,400	11,900
Unresolved Trust Funds - Ed. Grant	6		44,827		Photocopies		7,000	5,302	7,000
Rec. Fund - Grants to Education	6	120,000	80,173	25,000	Postage and Courier		7,500	8,301	8,000
Rec. Fund - Agency Task Force	7	11,000	9,796	5,000	Printing		4,000	4,176	5,000
Rec. Fund - Stand. Form Exchange	8	15,266	15,266		Public Awareness Program		2,000	52	2,000
Recovery Fund - RE Encyclopedias	9	27,071	27,071		Real Estate Encyclopedia	9	34,766	34,766	
Revenue Totals		**$568,412**	**$561,475**	**$483,131**	Rent, Cleaning, Utilities	14	47,000	47,897	49,500
					Salaries	15	192,961	196,740	236,140
					SPL & B/M Exams		4,500	5,188	6,000
					Staff Training		4,000	2,994	4,000
					Staff Travel	16	4,000	5,119	5,000
					Standard Forms Exchange	8	15,266	15,266	
					Taxes		1,000	0	1,300
					Telecommunications		7,400	7,376	7,800
					Transfer to Education	6	120,000	125,000	25,000
					Transfer to General	17			
					Travel & Meet-Commission/C(	18	7,000	8,951	10,800
					Website Maintenance		2,000	1,121	2,000
					Agency Task Force	7	11,000	9,796	5,000
					Expenditure Totals		**$567,395**	**$562,819**	**$482,410**
					NET		**1,017**	**-1,344**	**721**

***See Notes on the next page.**

The biggest item effecting the Revenue category was the poor investment performance of the Recovery Fund. Recovery Fund revenue ended up being $37,655 below budget. This was partially offset from higher than expected revenue from the IBTA accounts (+$23,500) and higher licensing fees (+$10,000). Expenses for 2003 came in very close to budget.

Depreciation was not included in last year's budget or the 2004 budget. It was decided to delete it from the working Revenue/Expense statement and showing it as part of the expenses and balance sheet in the Accountant's Report.

2003 Actual -Finance Notes- 2004 Budget

1. **New & Renewal Fees Increase** – All fees for new applicant licensing have been increased $30. The 2004 budget includes a fee increase averaging $30 in all licence renewal categories. This has been necessary as a result of shortfalls in interest and investment revenues.

2. **Brokerage Audit Fees** –As a result of the Commission approving a new audit system, starting for the year 2004, trust account audits will no longer be provided by brokerages and done by accountants. All brokerage renewals and new brokerage applications will include a fee based on the number of licensees at that brokerage. The revenue from these fees will offset the expenses of a new Commission staff person, providing benefits and travel expenses, including a leased vehicle.

3. **Interest-IBTA** - It is anticipated that interest rates will rise slightly and the revenues in this category should improve.

4. **Interest-Recovery Fund** - This category has been very difficult to predict. The last quarter of 2003 has shown an improvement, but it was felt that revenue expectations for 2004 should be conservative. A major reason for the poor return is because a significant portion of the investment is in American Dollars, which have devalued due to the stong Canadian Dollar this past year. There have also been several major expenditures from the Recovery Fund. As a result the principal amount of the fund is down by several hundred thousand dollars. Licence fees have been increased in this budget to offset additional redeeming of investments, see notes 1 & 2.

5. **Recovery Fund** – This category is revenue created by cashing in a portion of the Recovery Fund investments.

6. **Recovery Fund-Grants to Education** –Grants given to NSAR to offset development costs for new courses, for the development of the Salesperson Course Handbook and the Provincial Reference Manual.

7. **Recovery Fund-Agency Task Force** – The Commission provided funding in 2003 towards the ATF project directly, as well as covering the expenses of the Registrar being a member of the ATF. An additional $5,000 was approved for 2004 to complete the work of the ATF.

8. **Recovery Fund - Standard Forms Exchange** - A program funded to remove all old Standard Forms from use.

9. **Recovery Fund - Real Estate Encyclopedia Sets** - A grant to offset the costs of providing reference books to all brokerages and to offset the cost of purchasing the manuals by current licensees.

10. **Automobile** – An automobile will be leased for the new staff person carrying out audits. This category includes expenses for eight months (initial year), including lease, insurance, gas and maintenance.

11. **Benefits** - All benefits have been increased to allow for annual increases as a result of inflation, as well as the addition of benefits for a new staff person.

12. **Conferences** (Out of Province) – This category includes the Registrar and the Compliance Officer attending the Canadian Regulators' annual meeting as well as the ARELLO Conference. The Commission also approved the Registrar participating in the ARELLO BOD meetings.

13. **Per Diem** - The budget for 2004 includes increases to the Chair's monthly Per Diem and the Commissioners' Per Diems for Commission meetings.

14. **Rent, Cleaning & Utilities** – A 3% increase has been included, to cover an expected increase in the Common Area Charges.

15. **Salaries** – All salaries were adjusted using a 3 % COL, as well as various merit increases and salary adjustments. The increase also includes a partial year's salary for the new audit position.

16. **Staff Travel** – This category has been increased to allow for the new audit program. Also included is a mileage rate increase to $.45 per KM.

17. **Transfer to General** – This is a bookkeeping entry only. It is determined at year end when all Recovery Fund withdrawals are totaled.

18. **Travel & Meetings-Commission/Committees** – This category increased in 2003 for two main reasons. There were more Commissioners and Committee members traveling from outside the Halifax area and there was one additional meeting, the Advisory Committee to the Agency Task Force (ATF). The budget for 2004 includes an extra Commission meeting next fall to deal with the ATF recommendations. Also included is a mileage rate increase to $.45 per KM.

Nomination for Election
to the
Nova Scotia Real Estate Commission

The following person has met the requirements for nomination to the Nova Scotia Real Estate Commission and has agreed to let her name stand for election. A brief summary of her background and experience is provided.

Nominee: Valerie Folk

Brokerage: Royal LePage Atlantic

Location: Bedford

Type of license: Broker

Years Licensed: 19

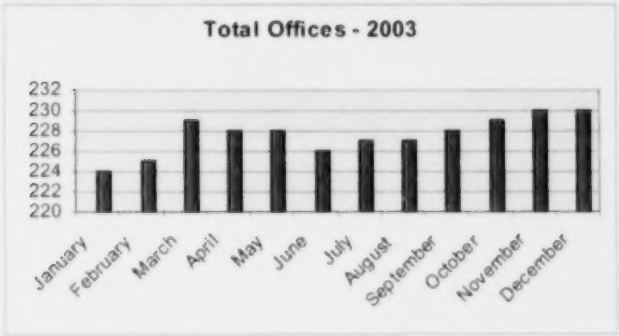
Primary type of real estate practiced: Residential, Management

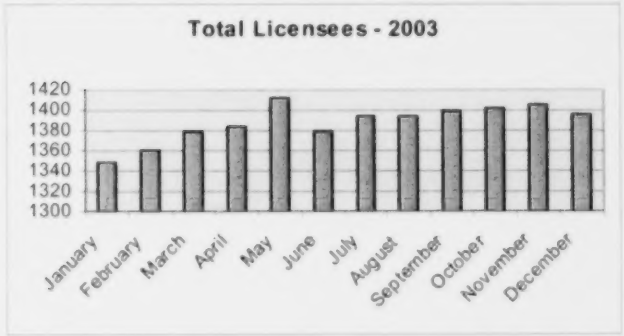
Degrees/Designations held: B.F.A., B.ED., FRI, ABR, REP

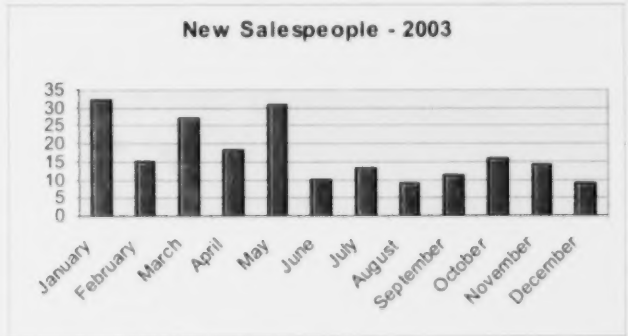
Director/Executive experience in any organizations: Currently finishing a 3 year term as a Commissioner of the NSREC, Past Director - HDREB, Past President - HDREB, Past Director - NSREA, Past Provincial/Atlantic Director - CREA, Past Director - N.S. Real Estate Appraisers Association

Other Experience: I have served on numerous committees, task forces within the industry.

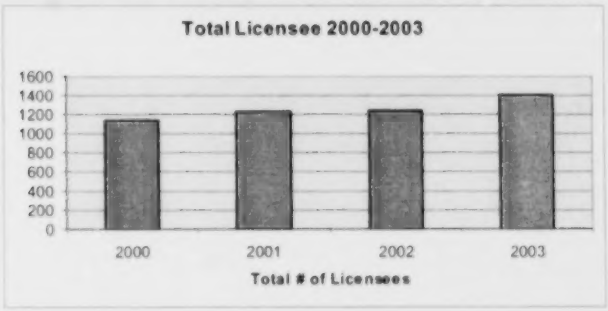
Licensing Statistics

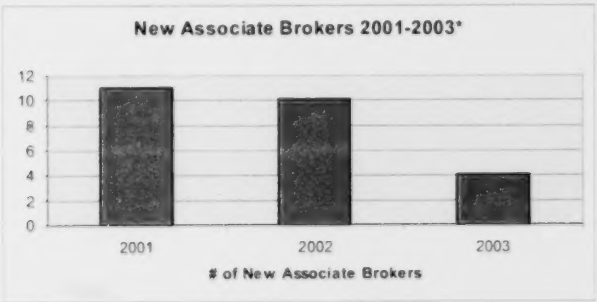






* Please note, there was not an Associate Broker licence category prior to 2001.





Investigation Summary as of December 24, 2003

Frequency

Month	# Complaints				# Investigations			
	03	02	01	Avg.	03	02	01	Avg.
Jan	4	5	8	6	4	3	4	4
Feb	6	7	6	6	4	6	4	5
Mar	3	3	4	3	2	3	1	2
Apr	3	5	3	4	1	3	1	2
May	5	6	10	7	4	3	6	4
Jun	5	5	5	5	4	4	2	3
Jul	4	5	4	5	2	3	2	3
Aug	3	4	6	5	3	3	4	4
Sept	5	5	5	5	3	2	4	3
Oct	6	4	9	7	6	1	6	4
Nov	4	5	5	5	2	3	2	3
Dec	4	2	4	3	3	0	3	2
Total	**52**	**56**	**69**	**61**	**38**	**34**	**39**	**39**

Origin of 2003 Investigations

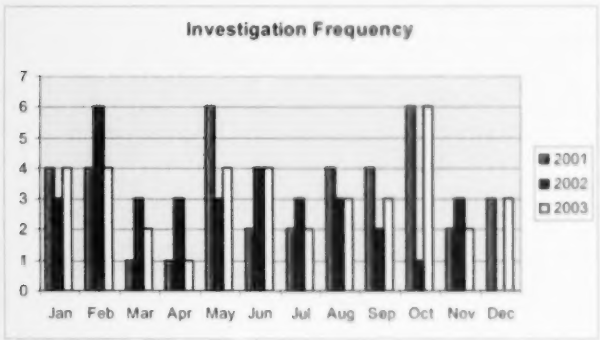
Public	38
Licensee	0

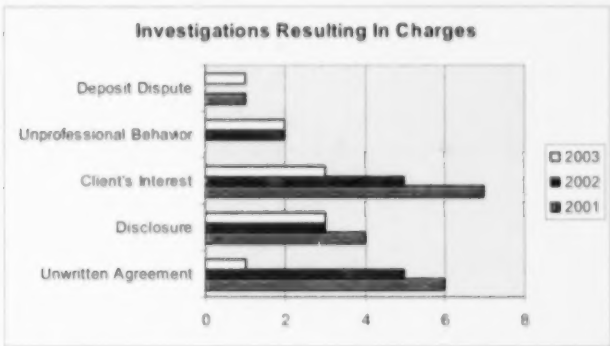
2003 Investigation Status Summary

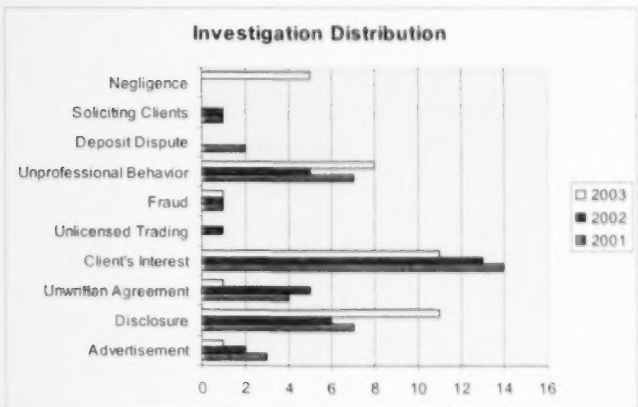
Beginning	12
Initiated	38
Closed	32
Outstanding	18*

* One is awaiting an appeal decision from the Nova Scotia Supreme Court.

Complaint Statistics 2003







Nova Scotia Real Estate Commission

7 Scarfe Court, Suite 200, Dartmouth, NS, B3B 1W4

Phone: 468-3511 or 1-800-390-1015 Fax: 468-1016 or 1-800-390-1016

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Nova Scotia Real Estate Commission

Commissioners

Shown below are the members of the Commission. All of the Commissioners serve for a three year term, regardless of whether they are appointed or elected. Each year one position in each of the three categories (licensee election, NSAR appointment, public appointment) comes due.

NSAR Appointments

Name	Term Expires	From	Brokerage
Roger Burns	April 30, 2006	Sydney	Roger Burns R.E.
Paul Doucet	April 30, 2005	Bedford	Prudential Property
Robert Wambolt*	April 30, 2007	St. Peters	CB Mary Pat Realty

*Reappointed by NSAR BODs February 2004 for a second term.

Elected Commissioners

Neil Black	April 30, 2006	Dartmouth	Aberdeen Comm.
Eldon Chaisson	April 30, 2005	Halifax	RE/MAX Nova
Valerie Folk	April 30, 2004	Bedford	Royal LePage Atl.

Government Appointments

Charles Lorway, Q.C.	July, 2006	Sydney
Howard Oakey	October, 2005	Bedford
Kent Noseworthy	January, 2005	Halifax

Commission Staff

Douglas Dixon
Registrar

Brad Chisholm
Compliance Officer

Cathy Campbell
Bookkeeper

Pamela Crane
Licensing Officer

Elaine Moulton
Administrator

Paul Doucet
Chairman

Kent Noseworthy
Complaint Review

Charles Lorway, Q.C.
Vice-Chair
Dicipline Committee
Finance & Recovery Fund

Valerie Folk
Licensing Committee

Robert Wambolt
Licensing Committee

Eldon Chaisson
Complaint Review

Neil Black
Commercial Committee
Finance Committee

Roger Burns
Licensing Committee

Howard Oakey
Complaint Review

Doug Dixon
Registrar

Message from the Chairman

This past year marks the seventh year of the Commission's operation. As has been the case in the previous years, many new challenges have been dealt with and I believe the industry has continued to evolve in a positive direction.

The most significant change that took place in 2003 was the implementation of the new Salesperson Licensing Course. This has been a several year project by the Association with input and funding from the Commission. In addition to the new course, it has meant the Commission has had to develop a new series of exams. The new three-week program allows instructors to spend much more time on important subjects. In addition, the materials and course handbook for the course are the most current in Canada. As a result of the changes, the Commission has received very good feedback that new licensees are much better prepared when starting out in their new career.

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The last major decision by the Commission in 2003 was to do a complete overhaul of the trust account and brokerage audit system. The Commission reviewed the current procedures, gathered information from brokerages, other real estate jurisdictions and other professions, and then put forward several options to brokers in order to receive feedback. The decision was to do away with the requirement by brokerages to submit annual trust account audits and replace that with a new process. The Commission staff, beginning in 2004, will carry out a trust account audit of all brokerages every year. Audits for the calendar year 2003 will still have to be submitted by the brokerages. The staff will also carry out a brokerage review of record keeping and business practices on a three-year cycle with one third of brokerages being reviewed each year. In addition, staff will do more frequent audits of some brokerages on a risk assessment basis which looks at the number of complaints and other issues that arise from a particular brokerage. To carryout this work, the Commission will be hiring an additional staff person. This position will be funded from a new brokerage fee, that for most brokerages will be a reduction in costs as compared to the cost of having accountant's reports done.

The liaison committee meetings between the Commission and the Association continues to serve as a very positive venue for better communications for both organizations. Our participation at the NSAR regional meetings last fall seemed to be well received by all licensees/members and the feedback we received from those in attendance was positive. We are looking forward to having similar opportunities in the fall of 2004.

One of the mandates of the Commission is the standardization of industry forms which has been and will continue to be administered by NSAR. Both organizations felt it would be beneficial to have one of the Commissioners participate on the Standard Forms Committee. It was decided I would be the chosen one to serve on this Committee. The process is very arduous to say the least, as this is probably the most thorough review of all forms our industry has seen in many years. The Committee consists of a good cross section of the real estate industry offering lots of experience for making necessary changes. At the present time, the process continues with hope of completing the review by late spring or early summer of 2004.

I want to thank the current Commissioners and committee members for their efforts throughout the year. We are fortunate in Nova Scotia to have so many willing volunteers that bring a wealth of experience and insight to the table on the many issues that get discussed. The time spent by both the Commissioners and committee members amounts to many hundreds of volunteered hours and benefits all 1,400 licensees in the province. I also want to give a big thank you to the staff. The Commission's operations always run smoothly and professionally providing information and service to both the public and licensees, as well as supporting the work of the Commissioners and committees. As a result of the efforts of volunteers and staff, Nova Scotia is able to remain at the forefront of regulation of the real estate industry, staying current with the issues and being very proactive.

This year the Commission's Annual General Meeting will be held March 19th in the auditorium at 7 Scarfe Court. I strongly encourage you to attend. This is your opportunity to get an update on the Commission's work, to elect a licensee to the Commission and to provide feedback to the Commissioners. I look forward to seeing you there.

Paul J. Doucet
Chairman

Registrar's Report

I am pleased to report that overall the Commission administration for 2003 went very well. One of the main reasons for this has been the efforts of staff, that not only take an interest in what they do, but always make that extra effort to assist the public and industry members with information and /or help resolve problems or issues. I would like to thank the Commission staff for a job well done. I would also like to thank the Commissioners for their support of staff efforts.

In addition to their regular administrative work of the Commission, there are always a number of projects that are in the works. This past year the Commission staff has been involved in the following projects:

- Assisting NSAR with revisions to the new Salesperson Licensing Course
- Developing a new series of exams for the licensing course
- Participating in the national Agency Task Force
- Carrying out brokerage audits of approximately one third of the brokerages
- The Registrar is Chairman of the Canadian Regulator's Workgroup for 2003-2004
- The Compliance Officer chaired a sub-committee nationally that made recommendations regarding electronic record keeping and electronic transfer of trust funds
- Assisting NSAR with developing the Complaints and Solutions Course

Nova Scotia can be proud of its involvement, both nationally and internationally, with other real estate regulators. Over the last seven years Nova Scotia has kept very current in dealing with issues affecting the real estate industry and the public. Nova Scotia is in a very unique position to be able to deal with real estate regulatory issues quickly and effectively, as we are one of only two jurisdictions in the world that are self regulated. Alberta is the other jurisdiction that is self regulatory. This means the Commission can deal with issues such as Standards of Business Practice, licensing requirements and education standards pro-actively to keep current and relevant.

In closing, I would like to say to licensees that if you need information or have a problem involving a real estate transaction, please feel free to call the Commission office. The Commission staff is here to help. Also, if you are aware of a member of the public that is having difficulties in their real estate dealings, please pass on the Commission contact information to them.

Douglas Dixon
Registrar

Licensing Committee

104-05509/

Valerie Folk	Chairperson and Commissioner	Bedford
Robert Wambolt	Commissioner	St. Peters
Roger Burns	Commissioner	Sydney
John Walker	Member	Halifax
Paula Pulling	Member	Bedford
Ruth Harding	Member	Bedford
Corrine Hyson	Member	Bridgewater
Douglas Dixon	Registrar	
Pamela Crane	Licensing Officer	

The Licensing Committee is mandated to review the licensing decisions and recommendations of the Registrar, to research licensing issues and to make recommendations to the Commission on any issues concerning licensing. There were no licensing hearings held in 2003.

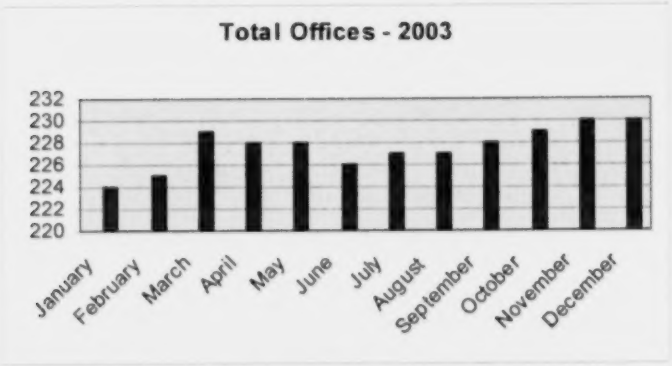
During the past year, the committee reviewed all exemptions to the licensing rules and made decisions on exemption requests from applicants. The committee also reviewed any conditions the Registrar placed on licensees.

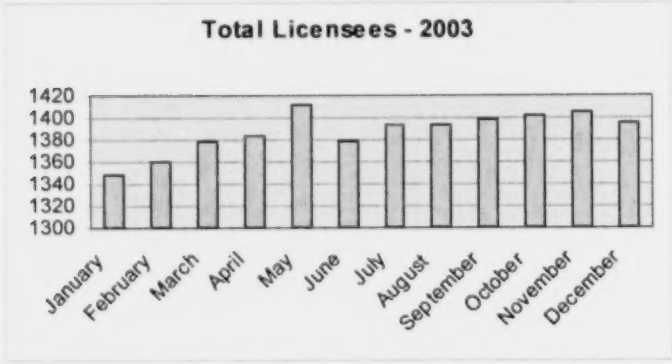
There were really no major issues or projects for the Licensing Committee this past year. The Committee did stay up-to-date on the implementation of the new Salesperson Licensing Course and the fine tuning of the course and exams as the year proceeded. The Committee spent time doing an initial review of the need for updating the Broker Licensing Course, but to date no recommendations have been made to the Commission. The Committee also reviewed the possibility of the Commission providing licensees with a "best practices manual". This project is still in the discussion stages and no recommendations have been made.

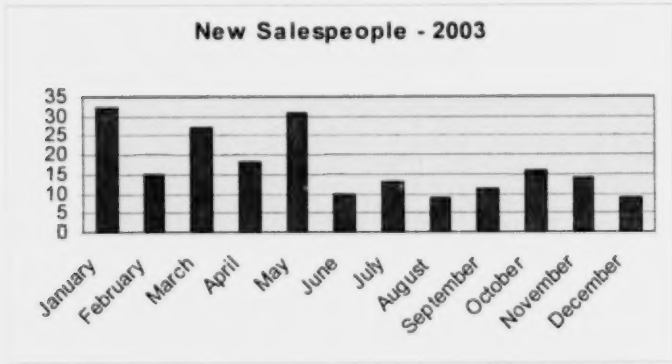
In closing, I want to thank the members of the Committee for their efforts and many hours spent working on behalf of the Commission. I would ask that any licensees with suggestions or concerns related to licensing issues forward them to the Commission for discussion and consideration.

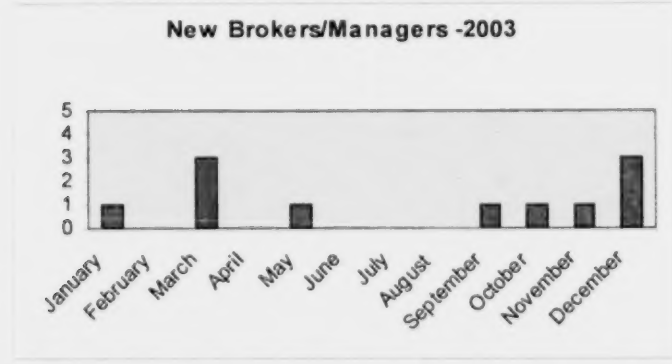
Valerie Folk
Chairperson

Licensing Statistics - 2003

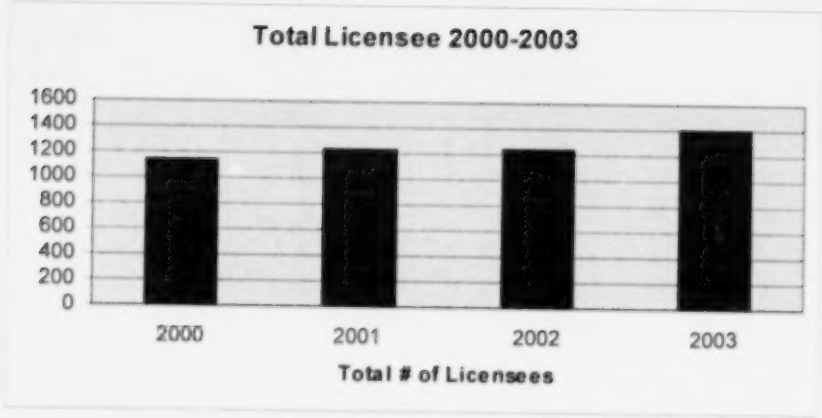








Licensing Statistics - Year to Year Comparison



* Please note, there was not an Associate Broker licence category prior to 2001.

Complaint Review Committee

Kent Noseworthy	Chairperson (Public Member)	Halifax
Howard Oakey	Commissioner (Public Member)	Bedford
Eldon Chaisson	Commissioner	Halifax
Jim Woods	Member	New Glasgow
Lynn Hoffmann	Member	Kentville
Marg Bowlen	Member	Dartmouth
Tony Walters	Member	Lunenburg
Cathy Covey	Member	Halifax
Douglas Dixon	Registrar	
Brad Chisholm	Compliance Officer	

I am pleased to report the number of complaints has remained at similar levels as last year. Shown on the following pages are statistics showing where complaints have come from, the types of complaints made and the disposition of the complaints.

The Complaint Review Committee met four times during 2003 to review all matters relative to complaints investigated by the Commission staff. The mandate of this committee is to review all proposed Settlement Agreements and any requests for a review, by a member of the public, of a decision of the Registrar. In practice, the Committee reviews all complaints, whether they are dismissed, dealt with through a Settlement Agreement or being sent on for a Discipline Hearing.

The Committee can approve the decision of the Registrar to dismiss a complaint or deal with it through a Settlement Agreement. The Committee can also reverse or alter the decision of the Registrar by altering the terms of the Settlement Agreement, not allow a complaint to be dismissed or send a matter on to the Discipline Committee.

The Committee, on average, reviews 10-15 complaints at each quarterly meeting. This involves the Committee members, in advance of the meeting, reviewing a case summary of each complaint and discussing the case at the Committee meeting with staff. In unusual circumstances, or in situations that are new to the Commission, the Registrar may bring a case to the Committee for its opinion prior to proceeding further.

There have been comments from time to time that the Commission staff is too aggressive in their investigations or in the penalties imposed. Licensees should be aware the staff does not set policy, but enforces it. The Commission directly, and through committees, mandates certain policies. Staff then follows those policies in the enforcement of the Act and Commission By-law. An example would be licensees that are charged for violations where they may not be directly named as part of a complaint. It is not up to staff to decide what they should investigate or what charges should be laid. Staff must fully investigate all matters surrounding a complaint, and if breaches are found, whether or not they are mentioned in a complaint, they must be dealt with. As for penalties, the Complaint Review Committee has determined them over the last six years. If staff did not put forward penalties that follow the general levels acceptable by the Committee, then the Committee would be altering Settlement Agreements more often, so this indicates that staff are working within the ranges acceptable to the Complaint Review Committee.

I would like to thank the committee members for their time and effort they have devoted to the work of the committee.

Kent Noseworthy
Chairperson

Audits & Investigations - Compliance Officer's Report

2003 – Steady Progress

Audits

In 2003, 67 brokerage audits were conducted. The results of these audits ranged from excellent to needs-improvement; however, cooperation and overall response from brokers has been very positive.

Upon its establishment in 1997, the Commission mandated to carry out trust account and record keeping audits on every brokerage in Nova Scotia. The process involved reviewing a sample of transaction files on each licensee and reviewing and testing each brokerage's trust account system. The audits have been used as an educational vehicle to increase broker awareness of deficiencies in record keeping with the overall goal of protecting the public interest. The audits have also provided the Commission with useful feedback to identify problem trends in the industry that could then be addressed through continuing education courses and province wide industry bulletins.

The next step in the Commission's audit mandate will be will be to initiate a dual audit function. First, the Commission will, starting in 2004, conduct trust account audits on an annual basis for all brokerages in Nova Scotia. This will replace the current yearly requirement for brokerages to have a public accountant audit their trust account. Secondly, the Commission will conduct brokerage reviews on a three year cycle. The brokerage review will entail a process similar to that of the original audit process of reviewing sample transaction files. Again, the Commission audit function will be an ongoing process designed to provide the brokerage with constructive feedback when material deficiencies to legislated requirements are identified.

Investigations

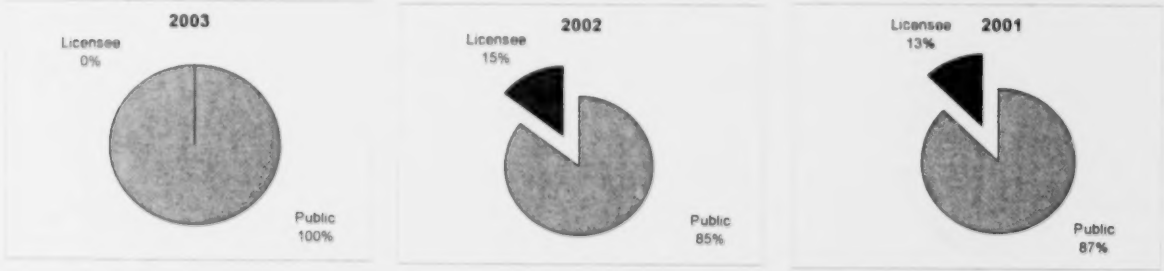
The number of complaints received during 2003 was down slightly compared to that of 2002. The number of investigations initiated from the complaints was slightly higher than that of last year. The number of investigations involving charges was comparably lower than 2002 results. Some charges laid in 2003 corresponded to 2002 investigations, still ongoing at the beginning of 2003.

At the beginning of 2003, 12 investigations from 2001 and 2002 were outstanding. During 2003, the Commission received 52 real estate complaints from both public and member sources. From the 52 complaints received, 38 investigations were initiated.

Of the 12 cases from 2001 and 2002, 10 were closed during 2003 and 22 investigations initiated in 2002 were closed by year-end leaving 18[1] outstanding.

ORIGIN OF INVESTIGATIONS INITIATED FOR YEARS 2003, 2002 AND 2001

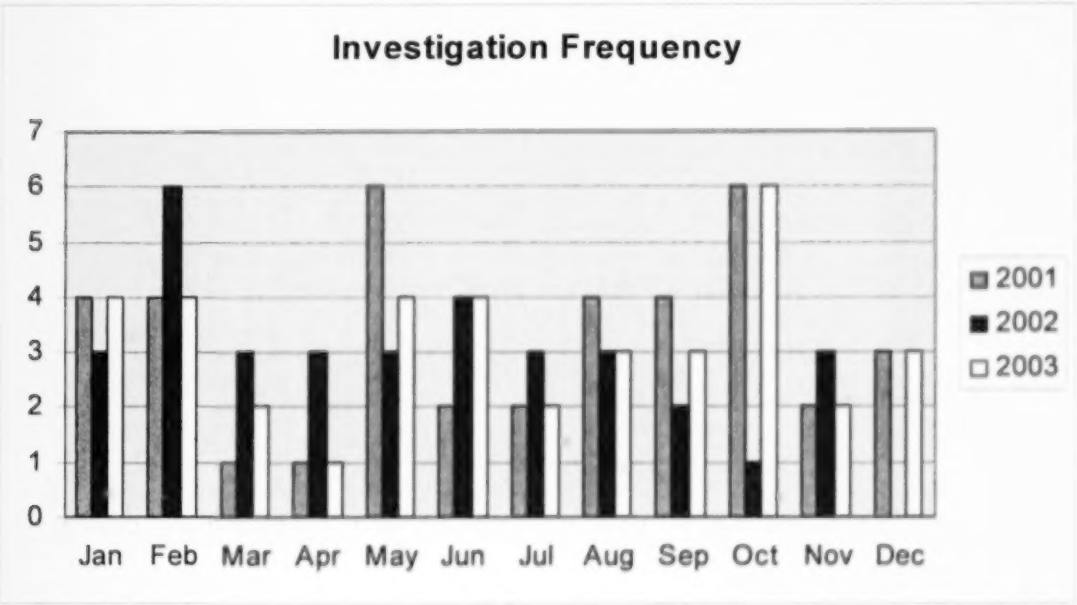
In 2003, 100 percent of investigations were initiated through written public complaints.



[1] A number of these are currently awaiting closure approval from the Complaint Review Committee

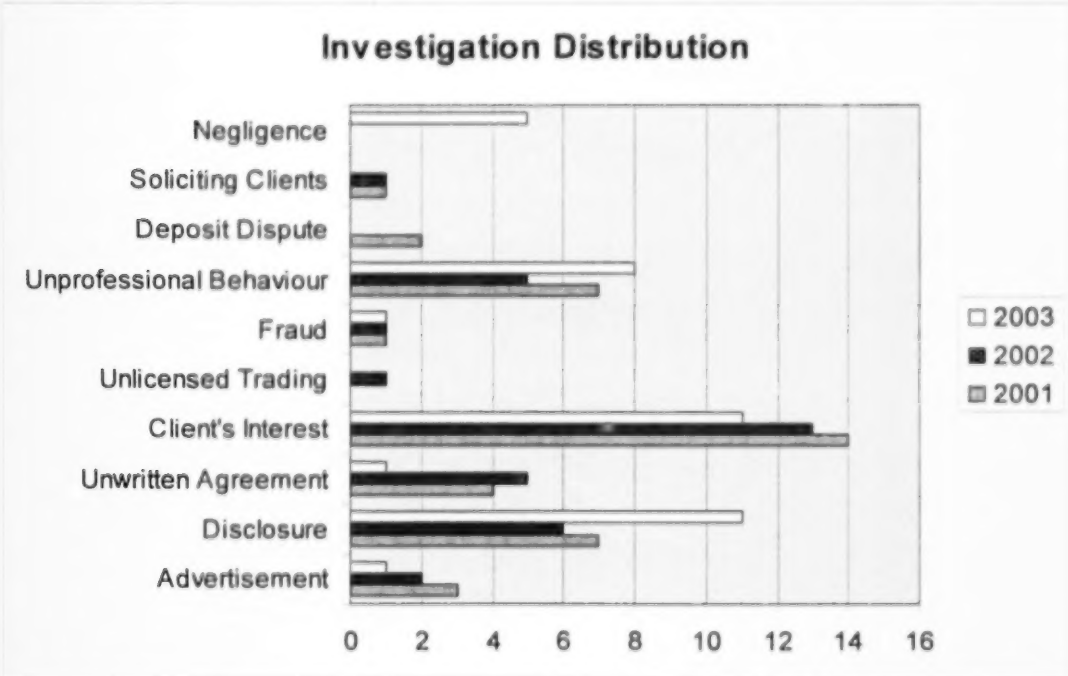
Frequency

The chart below summarizes comparative figures for the total number of investigations initiated each month.



Distribution

This chart summarizes the distribution of the 38 investigations initiated in 2003 by type. Comparative figures are also shown for 2002 and 2001.

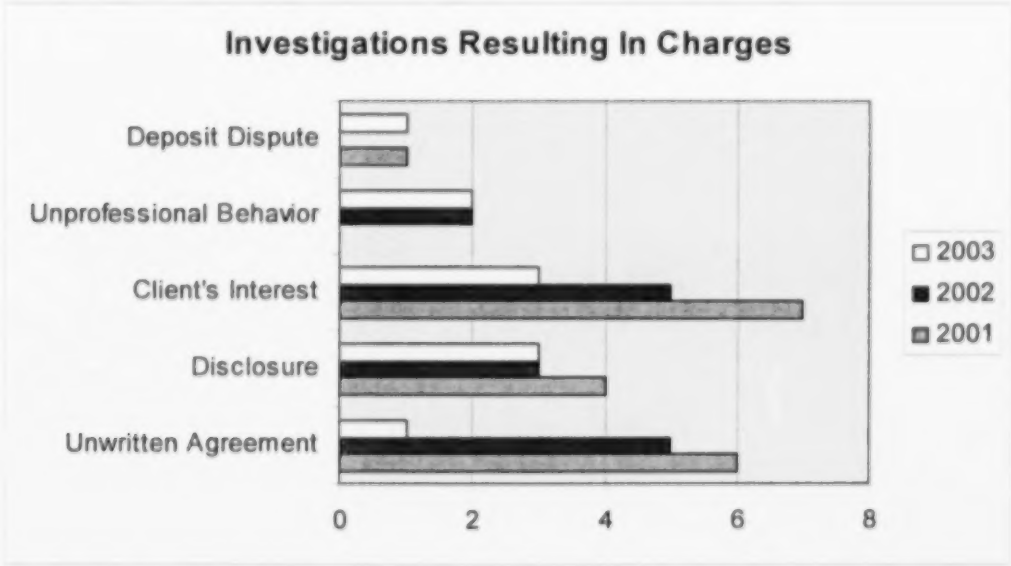


Examples:

- Negligence – Incomplete or improperly completed real estate forms, showing a property without authorization
- Soliciting Clients - Knowingly soliciting another licensee's client
- Deposit Dispute – Failing to obtain a buyer's deposit as per the agreement of purchase and sale
- Unprofessional behaviour – Failing to cooperate with other licensees, yelling at clients/customers
- Miscellaneous – Failing to respond to a real estate complaint within the designated time period set by the Compliance Officer
- Unlicensed Trading – Marketing property without a license, unlicensed brokerage employee trading
- Client's Interest – Failing to follow up with a client before financing/inspection deadlines expire
- Unwritten Agreement - Not obtaining written and signed extensions/amendments
- Disclosure – Failure to disclose septic problems, failing to verify listing information
- Advertisement – Misleading advertising, failure to include full brokerage name in an advertisement
- Fraud – Misappropriation of trust funds
- Public Discredit – Making derogatory remarks about another licensee
- Commission Dispute – Misinforming listing clients as to commission payable

Charges

Of the 32[1] investigations closed during 2003, 10 resulted in formal charges. The following chart summarizes the distribution of charges laid in 2003 according to type. Comparable figures are also shown for years 2002 and 2001.



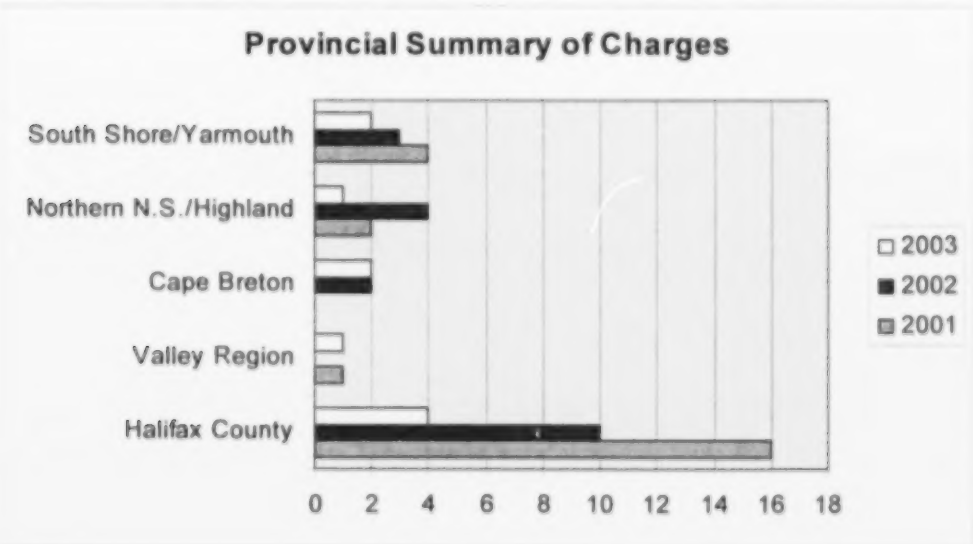
[1] 10 from 2001 and 2002 plus 22 from 2003

EXAMPLE OF PENALTIES LEVIED THROUGH SETTLEMENT AGREEMENTS

TYPE	PENALTY (FOR FIRST TIME OFFENCES)[1]
Unprofessional Conduct	$300 fine & Reprimand
Client's Interest	$200 fine
Disclosure	$500 fine
Unwritten Agreement	$200 fine & course requirement
Negligence	$200 fine & Reprimand
	PENALTY (FOR REPEAT OFFENCE)
Unwritten Agreement	$500 - 1,000 fine
Client's Interest	$300 - 700 fine
Disclosure	$1,000 fine

Provincial Summary

The following chart presents the distribution of 2003 charges by area. Figures for 2002, and 2001 are also provided for comparison purposes.



[1] All fines are allocated for educational purposes

Recurring Problems

A number of compliance issues continue to re-surface despite repeated efforts at cautioning licensees through Commission newsletters and bulletins. It cannot be emphasized enough that the following situations are commonly grounds for disciplinary action.

- Unwritten extensions and/or amendments to real estate agreements
  (Commission by-law 702, Article 6)
- Failing to disclose a multiple offer situation to another agent
  (Commission by-law 702, Article 12)
- Unwritten agency disclosure to clients/customers
  (Commission by-law 702, Article 3)
- Advertising that is misleading to the public
  (Commission by-law 707 (c))
- Failing to cooperate with a Commission investigation
  (Trading Act Section 17 (4) and Commission by-law 810)
- Publicly discrediting a fellow licensee
  (Commission by-law 702, Article 21)
- Failing to discover and disclose pertinent facts about properties
  (Commission by-law 702, Article 4)
- Real Estate forms not completed properly
  (Commission by-law 702, Article 2)
- Not obtaining brokerage cooperation instructions from sellers with exclusive agreements
  (Commission by-law 702, Article 29)
- Showing a property without authorization
  (Real Estate Trading Act Section 22 (1) (a))

Remember

It is the Commission's policy that when an investigation of a transaction(s) is initiated, either from a specific complaint or at the discretion of the Registrar, the transaction(s) is reviewed from beginning to end. This includes a review of all agreements/documents connected to the transaction(s). Brokers can be charged for not properly supervising agreement preparation by salespersons. Typical penalties against brokers are fines and in some cases the requirement for the broker to re-complete the broker/associate broker licensing course and to pass the exam.

The best remedy for avoiding fines and course requirements on document preparation is prevention. Make sure agreements are signed and initialed by all parties, use proper forms and never rely on verbal agreements.

Note of Thanks

Throughout the year a number of licensees were contacted by the Commission for information concerning complaint investigations, or asked to make themselves available for trust account and record keeping audits. Although these matters can be difficult and sometimes unpleasant in nature, in most cases licensees cooperated fully and professionally with the Commission. This demonstration of professionalism was appreciated.

Trade Practices - Recurring Problems

Verbal Agreements and Promises

A major source of complaints and disputes involves licensees conducting business or making promises or commitments verbally when they should be documenting the issues in writing. Licensees are reminded that by conducting business verbally they expose themselves and their brokerages to criticism later on when problems arise. It can also lead to disputes between the parties. Parties to a transaction do not always have the same memory of what was "promised", so documenting it clearly in writing eliminates potential conflicts.

Negotiations and Amendments – All requests, terms or issues around negotiations must be done in writing. For example, if there is a request for an extension by the sellers, if a buyer requires more time to meet a condition, if certain items are to be included or excluded, or if the seller has promised to see that certain things are done before closing, then it must be documented in writing along with all applicable signatures.

Listings – Licensees often make promises or guarantees when listing a property for sale. Should you promise that you will do specific things, or give the seller a service guarantee that they can get out of the listing should the seller at any time not be happy with your service, then you must do it in writing. Otherwise if a dispute arises at a later date, you can be sure a complaint will be filed that you did not do as you "promised". Commission By-Law 702, Article 4, which states:

The Licensee should ensure written representation agreements whenever possible in order to avoid misunderstandings with their clients and customers. ***Releases, promises and guarantees of specific service(s) must also be in writing.***

Multiple Offer Situations

In the last few years, market conditions have made multiple offer situations a regular occurrence. It is not unusual in today's market to list a property one day and then the next day you receive three written offers and voice messages indicating two more offers are on their way.

Commission By-law 702, Article 12 requires that when there are multiple offers, the licensee acting on behalf of the seller must disclose to all potential buyers or their agents that there are multiple offers. This must be done unless the listing licensee is otherwise instructed by the seller in writing. Licensees should clearly explain this requirement to clients at the time the listing agreement is signed.

There are endless scenarios on how multiple offer situations can materialize. Whatever the circumstances keep in mind that, unless otherwise instructed by the seller, a listing licensee may not withhold presenting an offer. But at the same time, the listing licensee must make every attempt to contact all agents of potential buyers once it is known that a multiple offer situation exists. If the listing licensee is not able to contact the other buyer agents, the seller should be made aware of the situation as well as his or her option to seek extensions on existing offers so that all parties have the opportunity to submit their best price.

Discipline Committee

Charles Lorway	Chairperson Commissioner (Public Member)	Sydney
Brian Hirtle	Member	Kentville
Don Clark	Member	Dartmouth
Charles Pace	Member	Halifax
Mark Stein	Member	Halifax
Clark Woods	Member	Truro
Douglas Dixon	Registrar	

Hearing Panel Pool

Wayne Sanford	Wolfville
Sybil Brown	Truro
Allan Hennigar	Halifax
Sandra Richards	Bridgewater
Carol Alexander	Chester

There were no hearings held in 2003. One of the Discipline Hearings from 2002 is currently under appeal to the Supreme Court of Nova Scotia. There were a few preliminary issues for the Judge hearing the appeal to decide and to date no decisions have been made.

The main reason there are very few hearings is because the majority of licensees charged with breaches of the Act or Commission By-law choose to go through the Settlement Agreement process. For most infractions, this is the best way to resolve the issue, from both the licensee's and the Commission's point-of-view.

I wish to thank the committee members for continuing to make themselves available.

Charles Lorway, Q.C.
Chairperson

Agency Task Force

An Initiative of the
Canadian Regulators Work Group

Purpose: To review current agency practice, court decisions and agency law and make national recommendations to the provincial and territorial jurisdictions regarding the following:

- Agency practices
- Legislation, regulations and by-laws related to agency
- Industry forms and documentation as they relate to agency
- Education of licensees as it relates to agency

Committee Members:

- Regulators from six jurisdictions (6)
- CREA (3)
- REIC (1)
- BOMA (1)
- Buyer Representative (1)
- BC and AB Errors & Omissions Representatives (2)

Staff Support:

- Legal advisor – Lawyer/Law Professor – William Foster
- Project Coordinator

Meetings: The original plan was for the task force to meet four times over a one year period. It is expected the project will take six meetings and 18 months. Final recommendations to the jurisdictions are expected in the summer of 2004. The committee has met five times to date, for a total of 13 days. The first five days were spent hearing presentations and reviewing reports and information. The next stage was to discuss and formulate actions and recommendations. The most time consuming part of this process was the discussion and drafting of various forms, such as listing agreements and Purchase & Sale Agreements.

Update: The focus of the project is agency, but as a result of the work to date, many other side issues have been identified. Some of these are:

- Inconsistencies of practice and terminology between jurisdictions
- Inconsistencies in the wording of forms, both within jurisdictions and between jurisdictions
- Lack of definition of various issues by regulators, in either legislation or by-laws

Advisory Committee: The Task Force has requested that each jurisdiction form a local Advisory Committee to review issues and provide feedback to the task force. The NSREC has established an Advisory Committee that has met three times. It consists of brokers and salespeople that represent a broad cross section of the real estate industry in Nova Scotia, as well as a public member and the Commission's legal counsel.

Finance Committee

Charles Lorway	Chairperson and Commissioner	Sydney
Neil Black	Commissioner	Dartmouth
Paul Doucet	Commissioner	Bedford
Douglas Dixon	Registrar	

The continued poor interest rates and investment market has been an ongoing financial challenge to the Commission, but as a result of the prudent financial management over the last seven years the Commission has been able to deal with this loss of income without it effecting operations or it having any large impact on licensees.

Revenues for 2003 came in approximately $1,344 under budget. Revenue from licensing fees, overall, was slightly over budget. The Commission was very conservative in its 2003 budgeting of IBTA revenues. Fortunately interest on trust accounts was slightly higher than in 2002 and the level of deposits was higher. This resulted in IBTA interest being $23,564 over budget. The Commission is continuing to be cautious in this category for 2004. The revenue from the Recovery Fund Investments was $37,655 under budget. The poor international investment climate and low interest rates are the main causes for these shortfalls. A significant portion of the Recovery Fund Investments is in US funds. Due to the shift in exchange rates between the US and Canada, with a strengthening Canadian dollar, these US investments lost a significant amount of their value.

On the expense side, most items came in fairly close to budget. You will note the Auditor's statement includes a line item for Depreciation in the amount of $18,676, but there is no Depreciation figure on the Commission's Financial Summary. The reason for this is that the Commission is a not-for-profit organization and there is no tax benefit resulting from depreciation so the decision was not to include depreciation as part of the operating budget. Legal fees are approximately $5,000 under budget as a result of fewer general legal issues to deal with in 2003. The large dollar amount in the Transfer to Education category is made up of several items. The original budget for 2003 included a $25,000 grant to NSAR to cover 50% of the cost of developing and overseeing new courses. The Commissioners ended up approving a $30,000 grant. In addition, the Commission had previously approved grants for the development of the new Salesperson Licensing Course. This included $80,000 towards the cost of developing the new student workbook and $15,000, which was 50% of the cost of developing the new Provincial Reference Manual. When these various items are taken into account, the overall year-end expenses are quite close to budget. Revenues also show $44,827 in Unresolved Trust Funds. This revenue involved trust funds that have been unresolved for over 12 years and is permitted to be used for education purposes. This revenue has been applied against the education grants provided to NSAR. The other large expense category of note is the Standard Forms Exchange that was carried out at the beginning of the year at a cost of $15,266.

The Commission anticipates that investment income and interest on Trust Accounts will continue to generate lower fees than those earned in the first four years of the Commission's existence. As a result of the lower income anticipated in 2004 the Commission found it necessary to put in place a fee increase. This has meant all initial licensing fees for 2004 will be increased by $30.00. Renewal fees will be increased an average of $30.00, with all renewal fees being harmonized at $125.00.

Included later in this report is the Commission's Finance Summary and notes, as well as the detailed Auditor's Report.

Charles Lorway, Q.C.
Chairman

Recovery Fund

Charles Lorway	Chairperson and Commissioner	Sydney
Stan Rose	Member	Bridgewater
Douglas Dixon	Registrar	

There have been no claims made against the Recovery Fund in 2003. The fees for the Recovery Fund will remain the same for 2004 as in previous years.

The Recovery Fund portfolio, which consists of bonds and mutual funds, has not performed as well in 2002-2003 as it had prior to 2001. This has been due to the overall investment climate in the world economy. Our portfolio did not do as badly as many did, because it is fairly diverse and relatively conservative. The portfolio did start to show some improvement in the last quarter of 2003.

The Recovery Fund has provided funding to NSAR's Education Department. A grant of $30,000 was given to NSAR to offset course development costs for the previous year.

Two other education initiatives involved funding from the Recovery Fund, the new Salesperson Licensing Course materials as well as the distribution of the Real Estate Encyclopedia, CD ROM and Nova Scotia Provincial Reference Manual. The funding was approved in 2001-2002, but was not advanced until 2003. This included 50% of the $30,000 cost to produce the Provincial Manual, which is being co-funded with NSAR. The Commission also approved $80,000 towards the creation of the Student Workbook for the new Salesperson Licensing Course.

Another project that was undertaken jointly with NSAR was to revise and replace the key Mandatory Forms. As there were a large number of changes to the forms and there has been ongoing problems with licensees using out-of-date forms, it was decided to replace these forms at no cost to the brokerages with a cut off date for use of the older forms being January 1, 2003. This project was made possible through a grant of $15,300 from the Recovery Fund.

As you can see from this report, the Recovery Fund is playing a very important role in supporting the advancement of professionalism, both with existing licensees and those entering the industry.

Charles Lorway, Q.C.
Chairman

NOVA SCOTIA REAL ESTATE COMMISSION

FINANCIAL STATEMENTS

DECEMBER 31, 2003

Deloitte.

Deloitte & Touche LLP
P.O. Box 2087
5161 George Street, Suite 800
Halifax NS B3J 3B7
Canada
Tel: (902) 422-8541
Fax: (902) 423-5820
www.deloitte.ca

AUDITORS' REPORT

To the Board of Directors of the
Nova Scotia Real Estate Commission

We have audited the balance sheet of the **Nova Scotia Real Estate Commission** as at December 31, 2003 and the statements of revenue and expenditures and, net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

February 18, 2004

Chartered Accountants

NOVA SCOTIA REAL ESTATE COMMISSION
BALANCE SHEET
AS AT DECEMBER 31, 2003

	2003	2002
ASSETS		
Current		
Cash	$ 51,338	$ 1,893
Restricted Cash	9,904	9,904
Accounts receivable	540	-
Accrued interest receivable	3,053	1,448
Due from Nova Scotia Association of Realtors	16,518	7,412
Prepaid expenses	3,391	8,908
Inventory - manuals	6,131	8,593
	90,875	38,158
Recovery fund investments (Schedule)		
(market value: - $482,517: 2002 -$687,155)	497,020	704,324
Capital Assets (Notes 2 & 3)	61,178	79,312
	$ 649,073	$ 821,794
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 4,316	$ 8,499
Funds held in trust	9,904	9,904
Due to Nova Scotia Association of Realtors	-	-
Deferred revenue	99,053	75,808
	113,273	94,211
Deferred capital grants	57,108	66,076
	170,381	160,287
NET ASSETS		
Net assets		
Recovery Fund (Note 4)	682,373	756,608
General Fund (Note 4)	(203,681)	(95,101)
	478,692	661,507
	$ 649,073	$ 821,794

NOVA SCOTIA REAL ESTATE COMMISSION
STATEMENT OF REVENUE AND EXPENDITURES AND NET ASSETS
YEAR ENDED DECEMBER 31, 2003

	2003	2002
Revenue		
Recovery Fund		
Assessment income	$ 65,755	$ 67,805
Loss on disposal of investments	(21,517)	(53,683)
Investment income	33,834	59,440
Unclaimed brokerage trust account income	44,827	-
	122,899	73,562
General Fund		
Administration fees	4,690	4,790
Amortization of deferred capital grant	8,967	8,968
Background checks	2,910	2,850
Brokerage manuals	1,050	1,300
Buyer/seller guides	1,067	1,767
Claim recovery	2,000	1,600
Examination fees	25,835	27,480
Fines and penalties	5,200	9,600
IBTA interest	58,564	32,915
Investment income	426	76
Licensing fees	163,465	130,115
Real estate encyclopedia sets	7,695	-
Reinstatement of license	8,340	4,880
	290,209	226,341
	413,108	299,903

NOVA SCOTIA REAL ESTATE COMMISSION
STATEMENT OF REVENUE AND EXPENDITURES AND NET ASSETS
YEAR ENDED DECEMBER 31, 2003

	2003	2002
Expenditures		
Accounting	8,468	7,151
Advertising	323	250
Agency task force	9,796	0
Amortization	18,133	17,534
AGM and conference	2,609	2,922
Bank service charges	10,578	4,841
Benefits	22,682	16,942
Buyer/seller guides	2,462	982
Car allowances	1,500	1,200
Conferences	12,403	7,914
Computer	6,286	3,350
Dues and subscriptions	3,629	2,024
Foreign exchange loss	6,379	378
Furniture and equipment	919	-
Hearing costs	2,647	6,822
Insurance	2,218	1,921
Legal	4,694	10,445
Maintenance	-	211
Miscellaneous	5,534	7,569
Office	1,014	3,433
Per diem	5,400	5,900
Printing	4,176	1,501
Photocopies	5,302	7,142
Postage and courier	8,301	8,653
Public Awarness Program	52	61
Real estate encyclopedia sets	34,766	-
Rent, cleaning and utilities	47,897	46,549
Salaries	196,740	187,491
Standards forms exchange program	15,266	-
SPL and BM exams	5,188	5,791
Staff training	2,994	200
Staff travel	5,119	3,422
Taxes	-	1,074
Telecommunications	7,376	6,851
Travel and meetings	8,951	10,028
Transfer to General Commission by Recovery Fund	-	20,749
Transfer to Education by Recovery Fund	125,000	31,000
Website maintenance	1,121	1,185
	595,923	433,486
Deficiency of revenue over expenditures	(182,815)	(133,583)
Net assets, beginning of year	661,507	795,090
Net assets, end of year	$ 478,692	$ 661,507

NOVA SCOTIA REAL ESTATE COMMISSION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2003

	2003	2002
Net (outflow) inflow of cash related to the following activities		
Operating		
Deficiency of revenue over expenditures	**$ (182,815)**	$ (133,583)
Items not affecting cash		
Amortization of capital assets	**18,133**	17,534
Amortization of deferred capital grant	**(8,967)**	(8,968)
Loss on disposal of investments	**21,517**	53,683
	(152,132)	(71,334)
Changes in non-cash operating working capital items	**15,790**	(7,464)
	(136,342)	(78,798)
Investing		
Sale of investments (net)	**185,787**	79,443
Increase in deferred capital grant	**-**	20,749
Purchase of capital assets	**-**	(26,053)
	185,787	74,139
Net cash inflow (outflow)	**49,445**	(4,659)
Cash position, beginning of year	**11,797**	16,456
Cash position, end of year	**$ 61,242**	$ 11,797

NOVA SCOTIA REAL ESTATE COMMISSION
INVESTMENTS
YEAR ENDED DECEMBER 31, 2003

	2003	2002
Recovery Fund Investments		
Abitibi-Consolidated Inc	$ -	$ 1,985
AGF Management Ltd-Cl B	-	2,925
Alcan Inc	2,990	4,402
Alimentation Couche-Tard	4,027	4,798
Axcan Pharma Inc	297	-
Bank of Montreal	3,139	3,748
Bank of Nova Scotia	5,339	8,375
BCE Inc	3,249	4,415
BioVail Corp	-	2,709
Bombardier Inc	-	3,567
Bonavista Petrolium Ltd	-	3,724
Brascan Corp	2,919	-
CAE Inc	2,402	5,219
Canadian Imperial Bank of Commerce	3,358	5,305
Canadian National Railway	4,275	6,450
Cognos Inc	-	1,473
Dorel Industries Inc.	3,992	1,690
Enbridge Inc	2,288	3,408
Encana Corp	2,141	3,006
Federal Nat'l Mortgage - 5.50% 05/15/2009	-	-
Federal Natl Mtg Assn 6.0% - 05/15/2008	45,080	55,097
*Federal Natl Mtg Assn 6.5% - 08/15/2004	-	-
Fidelity Global Asset Allocation Fund	-	-
Finning International Inc	1,115	-
General Electric Capital Corp-5% - 6/15/2007	18,570	23,635
General Motors Acceptanc Note 7.5% 07/15/2005	17,158	29,169
George Weston Ltd	-	-
Gildan Activewear Inc	4,037	5,466
Goldman Sachs Group Inc	14,179	-
GTC Transcontinental	2,856	3,031
Investors Group Inc	3,296	5,161
Kingsway Financial Services	2,060	2,824
Lehman Bros Hldgs Inc Note 6.625% 04/01/2004	-	24,705
Loblaw Companies Ltd	1,327	-
Magna International Inc	4,368	7,117
Manulife Financial Corp	5,283	6,619
MDS Inc	2,100	2,572
Methanex Corp	1,647	-
Metro Inc	3,432	5,129
Molson Inc.	2,830	1,507
National Bank	1,778	-
Nexen Inc	4,610	5,006
Onex Corporation	3,200	5,536
Petro Canada	3,727	5,319
Pinnacle American Large Cap	21,195	25,057
Pinnacle High Yield Income	112,250	140,846
Pinnacle International	58,888	81,756
Potash Corp of Saskatchewan	-	2,545
Power Financial Corp	4,924	7,726
Quebecor World Inc	3,724	5,648
Rothman's Inc	2,914	3,485
Royal Bank of Canada	5,281	6,966
Royal Group Technologies Limited	-	4,444
Saputo Inc	3,575	5,281
Shell Canada Ltd.	1,263	-
Shoppers Drug Mart Corporation	1,230	-
Sun Life Financial Services	1,942	2,913
Suncor Energy Inc	4,309	5,010
US TBill 5.50% - 05/15/2009	27,969	52,647
US Tbill 8.75% - 08/15/2020	46,505	75,172
Wal-Mart Stores Inc Note 6.875% 08/10/2009	15,682	24,394
Westjet Airlines Ltd	-	1,742
Winpack Ltd	2,300	3,600
	$ 497,020	$ 704,324

SCHEDULE 2

NOVA SCOTIA REAL ESTATE COMMISSION
SCHEDULE OF RECOVERY FUND TRANSACTIONS
YEAR ENDED DECEMBER 31, 2003

	2003	2002
Net assets beginning balance	$ 756,608	$ 802,978
Revenue	122,899	73,562
Transfer to general commission - deferred capital grant	-	(20,749)
Transfer to education fund	(125,000)	(31,000)
Transfer to commission - administration	(65,755)	(67,805)
Foreign exchange loss	(6,379)	(378)
Ending net assets	$ 682,373	$ 756,608

1. DESCRIPTION OF BUSINESS

The Nova Scotia Real Estate Commission was established by the Province of Nova Scotia Bill No.31 assented to December 20, 1996. Bill 31 is an Act to Provide for Regulation of Trading in Real Estate in Nova Scotia.

Included in these financial statements are the transactions of the Nova Scotia Real Estate Recovery Fund, which is administered and supervised by the Commission. The purpose of the Fund is to provide a self-insurance fund for licensed members in the Nova Scotia real estate industry within limits outlined in Note 5.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Cash

Cash is comprised of short-term amounts on deposit with financial institutions.

b) Capital Assets

Capital assets are stated at cost. Capital assets are being amortized on a straight-line basis at the following annual rates:

Furniture and equipment	10%
Computers	25%
Website	33 1/3%

c) Investments

Investments are recorded at cost unless there is a permanent decline in value at which time they are written down.

d) Amortization of Grants from Recovery Fund

The grants were received from the Recovery Fund for the purchase of capital assets and are amortized to income on the same basis as the capital assets are amortized.

2. ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2003	2002
Furniture and equipment	$ 75,782	$ 29,787	$ 45,995	$ 53,574
Color printer	8,263	5,519	2,744	4,810
Software	5,303	3,978	1,326	3,977
Leasehold improvements	13,892	2,778	11,113	12,503
Website	15,539	15,539	-	4,448
	$ 118,779	$ (57,601)	$ 61,178	$ 79,312

4. NET ASSETS

	General Fund	Recovery Fund	2003	2002
Balance, beginning of year	$ (95,101)	$ 756,608	$ 661,507	$ 795,090
Excess of revenue over expenditures	(108,580)	(74,235)	(182,815)	(133,583)
Balance, end of year	$ (203,681)	$ 682,373	$ 478,692	$ 661,507

5. NOVA SCOTIA REAL ESTATE RECOVERY FUND

The Recovery Fund exceeds the required minimum amount of $300,000 in cash and investments, and no longer carries insurance for indemnification purposes. Under the regulations, the maximum amount that may be paid from the Fund arising from a single real estate transaction is:

a) $15,000 to any claimant for a claim against a salesperson;

b) $25,000 to any claimant for a claim against a broker or manager; and

c) a total of $60,000 if there is more than one claim against a brokerage.

6. SHARED EXPENSES

The Commission occupies space in the Nova Scotia Association of Realtors building under a lease agreement between the Association and the Nova Scotia Real Estate Commission. The Commission is charged based upon space utilization. The Commission also shares the lease costs for the photocopier and fax machines, as well as other certain common expenditures that are prorated on a reasonable basis.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of the commission's financial instruments approximates fair value due to their short-term nature.

Finance Summary

2003 Actuals & 2004 Budget - NSREC

REVENUES

Item	Notes*	2003 Budget	2003 Actuals	2004 Budget
Administration Fees		4,000	4,690	5,000
Assessment-Recov Fund		68,000	65,755	62,000
Backgound Check Fees		3,000	2,910	3,000
Branch Office Fees	1	2,450	2,930	3,668
Broker Fees-New	1	2,300	1,840	1,560
Broker Fees-Renewal	1	18,595	18,540	22,270
Brokerage Audit Fees	2			47,000
Brokerage Fees-New	1	2,300	2,850	2,600
Brokerage Fees-Renewal	1	13,000	12,935	19,410
Brokerage Manuals		1,250	1,050	800
Buyer-Seller Booklets		1,600	1,067	1,000
Exam Fees		24,750	24,885	24,750
Exam Review Fees		480	950	720
Fines/Penalties		10,000	5,200	8,000
Hearing Cost Recovery		2,000	2,000	2,000
Interest-IBTA	3	35,000	58,564	55,000
Interest Income-General		100	426	0
Interest-Recovery Fund	4	35,000	-2,655	30,000
Managing AB Fees-New	1	380	0	230
Managing AB Fees-Renewal	1	2,910	2,745	3,010
Real Estate Encyclopedias - Sales		7,695	7,695	
Reinstatement of License		6,000	8,340	6,960
Salesperson/AB Fees-New	1	27,000	29,160	34,200
Salesperson/AB Fees-Renewal	1	87,265	92,465	109,953
Deferred Capitol Grant				
Recovery Fund	5	40,000	40,000	10,000
Unresolved Trust Funds - Ed. Grant	6		44,827	
Rec. Fund - Grants to Education	6	120,000	80,173	25,000
Rec. Fund - Agency Task Force	7	11,000	9,796	5,000
Rec. Fund - Stand. Form Exchange	8	15,266	15,266	
Recovery Fund - RE Encyclopedias	9	27,071	27,071	
Revenue Totals		**$568,412**	**$561,475**	**$483,131**

EXPENDITURES

Item	Notes*	2003 Budget	2003 Actuals	2004 Budget
Accounting		6,000	8,468	6000
Advertising		500	323	500
AGM & Conference		2,500	2,609	2,500
Automobile-Lease/Insurance/I	10			6,200
Background Checks		3,500	3,172	3,000
Bank Charges		1,800	1,985	2,600
Benefits - Government	11	16,500	14,731	19,000
Benefits - Health	11	5,500	4,995	6,200
Benefits - RRSP Contribution	11	4,102	2,956	8,700
Car Allowance		1,500	1,500	1,620
Computer - Hardware/Software		7,000	5,325	6,000
Computer - Technical Support		1,200	961	800
Conferences (Out of Prov)	12	12,000	12,403	9,700
Cost of Brokerage Man Sold		400	348	300
Cost of Buyer-Seller Booklets		4,000	2,114	3,000
Dues, Subscript. & Publications		2,200	3,629	2,600
Facility Rental		600	0	0
Furniture & Equipment		500	919	400
Hearing Costs		3,000	2,647	2,000
Insurance/Directors Liability		1,000	872	1,300
Insurance/Property		1,000	1,346	1,450
Legal		10,000	4,694	8,000
Maintenance		200	0	100
Miscellaneous		2,000	2,364	2,000
Office		3,500	1,014	2,000
Per Diem	13	5,500	5,400	11,900
Photocopies		7,000	5,302	7,000
Postage and Courier		7,500	8,301	8,000
Printing		4,000	4,176	5,000
Public Awareness Program		2,000	52	2,000
Real Estate Encyclopedia	9	34,766	34,766	
Rent, Cleaning, Utilities	14	47,000	47,897	49,500
Salaries	15	192,961	196,740	236,140
SPL & B/M Exams		4,500	5,188	6,000
Staff Training		4,000	2,994	4,000
Staff Travel	16	4,000	5,119	5,000
Standard Forms Exchange	8	15,266	15,266	
Taxes		1,000	0	1,300
Telecommunications		7,400	7,376	7,800
Transfer to Education	6	120,000	125,000	25,000
Transfer to General	17			
Travel & Meet-Commission/C	18	7,000	8,951	10,800
Website Maintenance		2,000	1,121	2,000
Agency Task Force	7	11,000	9,796	5,000
Expenditure Totals		**$567,395**	**$562,819**	**$482,410**
NET		**1,017**	**-1,344**	**721**

***See Notes on the next page.**

The biggest item effecting the Revenue category was the poor investment performance of the Recovery Fund. Recovery Fund revenue ended up being $37,655 below budget. This was partially offset from higher than expected revenue from the IBTA accounts (+$23,500) and higher licensing fees (+$10,000). Expenses for 2003 came in very close to budget.

Depreciation was not included in last year's budget or the 2004 budget. It was decided to delete it from the working Revenue/Expense statement and showing it as part of the expenses and balance sheet in the Accountant's Report.

2003 Actual -Finance Notes- 2004 Budget

1. **New & Renewal Fees Increase** – All fees for new applicant licensing have been increased $30. The 2004 budget includes a fee increase averaging $30 in all licence renewal categories. This has been necessary as a result of shortfalls in interest and investment revenues.

2. **Brokerage Audit Fees** –As a result of the Commission approving a new audit system, starting for the year 2004, trust account audits will no longer be provided by brokerages and done by accountants. All brokerage renewals and new brokerage applications will include a fee based on the number of licensees at that brokerage. The revenue from these fees will offset the expenses of a new Commission staff person, providing benefits and travel expenses, including a leased vehicle.

3. **Interest-IBTA** - It is anticipated that interest rates will rise slightly and the revenues in this category should improve.

4. **Interest-Recovery Fund** - This category has been very difficult to predict. The last quarter of 2003 has shown an improvement, but it was felt that revenue expectations for 2004 should be conservative. A major reason for the poor return is because a significant portion of the investment is in American Dollars, which have devalued due to the stong Canadian Dollar this past year. There have also been several major expenditures from the Recovery Fund. As a result the principal amount of the fund is down by several hundred thousand dollars. Licence fees have been increased in this budget to offset additional redeeming of investments, see notes 1 & 2.

5. **Recovery Fund** – This category is revenue created by cashing in a portion of the Recovery Fund investments.

6. **Recovery Fund-Grants to Education** –Grants given to NSAR to offset development costs for new courses, for the development of the Salesperson Course Handbook and the Provincial Reference Manual.

7. **Recovery Fund-Agency Task Force** – The Commission provided funding in 2003 towards the ATF project directly, as well as covering the expenses of the Registrar being a member of the ATF. An additional $5,000 was approved for 2004 to complete the work of the ATF.

8. **Recovery Fund - Standard Forms Exchange** - A program funded to remove all old Standard Forms from use.

9. **Recovery Fund - Real Estate Encyclopedia Sets** - A grant to offset the costs of providing reference books to all brokerages and to offset the cost of purchasing the manuals by current licensees.

10. **Automobile** – An automobile will be leased for the new staff person carrying out audits. This category includes expenses for eight months (initial year), including lease, insurance, gas and maintenance.

11. **Benefits** - All benefits have been increased to allow for annual increases as a result of inflation, as well as the addition of benefits for a new staff person.

12. **Conferences** (Out of Province) – This category includes the Registrar and the Compliance Officer attending the Canadian Regulators' annual meeting as well as the ARELLO Conference. The Commission also approved the Registrar participating in the ARELLO BOD meetings.

13. **Per Diem** - The budget for 2004 includes increases to the Chair's monthly Per Diem and the Commissioners' Per Diems for Commission meetings.

14. **Rent, Cleaning & Utilities** – A 3% increase has been included, to cover an expected increase in the Common Area Charges.

15. **Salaries** – All salaries were adjusted using a 3 % COL, as well as various merit increases and salary adjustments. The increase also includes a partial year's salary for the new audit position.

16. **Staff Travel** – This category has been increased to allow for the new audit program. Also included is a mileage rate increase to $.45 per KM.

17. **Transfer to General** – This is a bookkeeping entry only. It is determined at year end when all Recovery Fund withdrawals are totaled.

18. **Travel & Meetings-Commission/Committees** – This category increased in 2003 for two main reasons. There were more Commissioners and Committee members traveling from outside the Halifax area and there was one additional meeting, the Advisory Committee to the Agency Task Force (ATF). The budget for 2004 includes an extra Commission meeting next fall to deal with the ATF recommendations. Also included is a mileage rate increase to $.45 per KM.

Election Procedures

Nova Scotia Real Estate Commission

Shown below is a summary of the voting procedures for the elections to be held at the AGM.

1. All persons licensed under the *Real Estate Trading Act* are entitled to vote either in person or by proxy.

2. Any person elected to serve as a Commissioner must be a licensee.

3. No corporation or partnership is eligible for election.

4. The only nominations to be considered for election are those listed in this *Notice of Meeting*.

5. Licensees must return their ballots (their own plus those by proxy) to the registration desk if they leave at any time during the meeting.

6. The election shall be conducted by written ballot.

7. Ballots can indicate only one vote per nominee.

8. Ballots will be considered spoiled if the ballot indicates more than one vote or if it indicates more than one vote per nominee. It will also be considered spoiled if it does not clearly indicate for which nominee the vote is being cast.

9. A nominee will be declared elected if the nominee receives "50% plus one" of votes cast. For example, if there are 200 votes cast, the nominee must have 101 or more votes to be declared elected.

10. The person receiving the highest number of votes cast and declared elected, will be elected to a three year term.

11. Should a person not be elected after the first ballot, a second ballot will be held. The same procedure will be used in every ballot that follows until a person has been declared elected.

12. The nominee having the lowest number of votes will be dropped from the next ballot.

13. Any nominees having less than ten percent of the votes cast will be dropped from the next ballot.

14. The successful nominee will take office effective May 1, 2004 for a three year term.

Nomination for Election
to the
Nova Scotia Real Estate Commission

The following person has met the requirements for nomination to the Nova Scotia Real Estate Commission and has agreed to let her name stand for election. A brief summary of her background and experience is provided below.

Name	Brokerage	Location
Valerie Folk	Royal LePage Atlantic	Bedford

TheNominee will be given the opportunity to address the Annual General Meeting for two minutes in order to help licensees determine how they will vote.

-Nominee Information-

Nominee: Valerie Folk

Brokerage: Royal LePage Atlantic **Location:** Bedford

Type of license: Broker **Years Licensed:** 19

Primary type of real estate practiced: Residential, Management

Degrees/Designations held: B.F.A., B.ED., FRI, ABR, REP

Director/Executive experience in any organizations: Currently finishing a 3 year term as a Commissioner of the NSREC, Past Director - HDREB, Past President - HDREB, Past Director - NSREA, Past Provincial/Atlantic Director - CREA, Past Director - N.S. Real Estate Appraisers Association

Other Experience: I have served on numerous committees, task forces within the industry.

Commissioners Attendance Record

Nova Scotia Real Estate Commission

Shown below is the attendance record of the Commissioners serving on the Nova Scotia Real Estate Commission between January 1, 2003 and December 31, 2003. There were a total of five Commission meetings held. The information below shows how many meetings each of the Commissioners attended of those they were expected to attend.

	Meetings Attended	Held
Neil Black	3	(3)
Roger Burns	3	(3)
Eldon Chaisson	5	(5)
Paul Doucet	5	(5)
Valerie Folk	4	(5)
Nora Landry	2	(2)
Charles Lorway	5	(5)
Kent Noseworthy	5	(5)
Howard Oakey	3	(5)
Robert Wambolt	5	(5)
Jim Woods	2	(2)
Doug Dixon	5	(5)

In addition to the Commission meetings, all the Commissioners participated in various committee work as shown at the beginning of this report.

Nova Scotia Real Estate Commission

7 Scarfe Court
Suite 200
Dartmouth, NS
B3B 1W4

(902) 468-3511 or 1-800-390-1015
Fax: 468-1016 or 1-800-390-1016
www.nsrec.ns.ca